A Study on Online Budget Hotel Aggregators in India

With Special Reference to Uttarakhand

SYNOPSIS OF THE THESIS

In Partial Fulfillment of the Requirements for the Degree of

DOCTOR OF PHILOSOPHY

Submitted by

Sachin Luthra

Research Scholar

School of Management, IUU

Submitted to

Dr. Reena Singh

Associate Professor

School of Management,

Doon University

Dr. Amit Adlakha

Associate Professor

School of Management, IUU

IMS UNISON UNIVERSITY

Nurturing Knowledge. Empowering Minds.

SCHOOL OF MANAGEMENT

IMS UNISON UNIVERSITY, DEHRADUN – 248009

MAY 2017

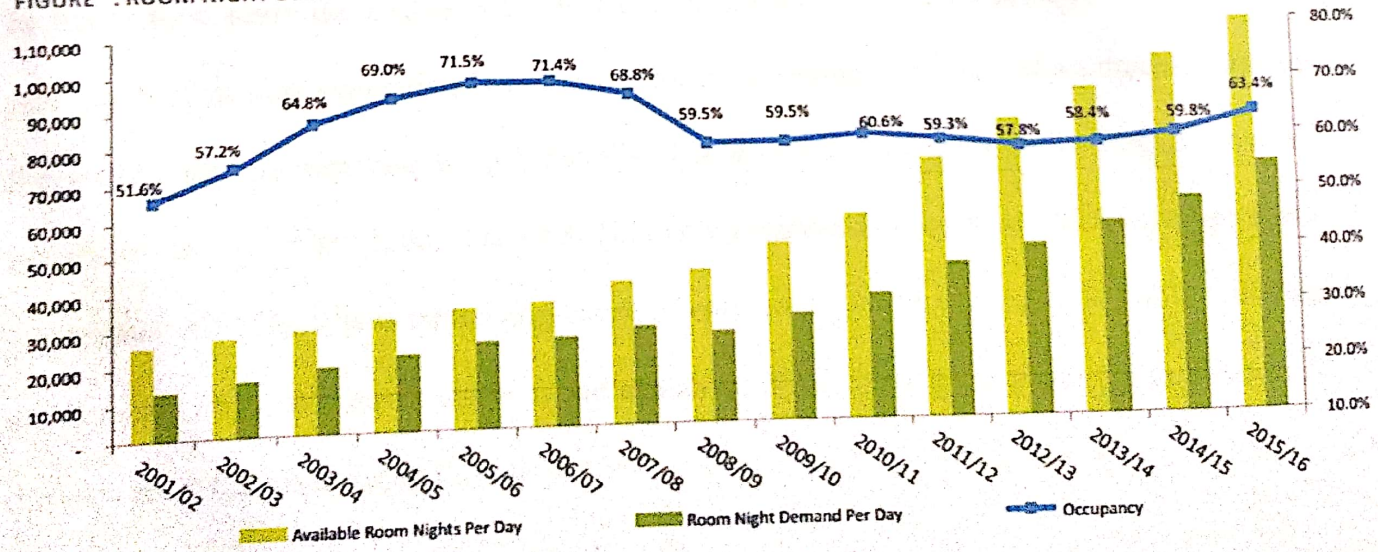
Scanned with OKEN Scanner

INTRODUCTION

Hospitality and Tourism Industry

The Indian Travel and Tourism Industry have been instrumental in the growth of nation's economic and holistic growth. It has emerged as a significant source of foreign exchange and a large employment generator. The industry's contribution to total Gross Domestic Product (GDP) was INR 8,309.4 billion (6.3% of the GDP) in 2015. This is projected to grow and eventually reach INR 18,362.2 billion (7.2% of the GDP) by 2026[1]. The drive in this sector has caused an increase in the hospitality industry, which witnessed an appreciable increase in nationwide occupancy coupled with a nominal growth in average daily rate (ADR). The Figure below presents the nationwide supply and demand trend for a 15 year period. The sustained growth of this industry can be attributed to the rising middle class, infrastructural reforms, increase in international tourist arrivals, tourism friendly policies such as the extension of e-Tourist Visa to 150 countries and a drastic change in the hotel distribution channels over the years.

FIGURE : ROOM NIGHT DEMAND VS AVAILABLE ROOM NIGHTS (2001/2002 – 2015/16)



Source: HVS Research

Scanned with OKEN Scanner

The Great Battle Over Hotel Distribution

Over the past ten years, hospitality industry have experienced dramatic changes, perhaps the most challenging of which has been in the area of distribution and channel management. The internet as a platform for marketing, sales and customer engagement has undoubtedly changed the scenario of relationships among hotel guests, brands, managers, owners, intermediaries and other parties. This has caused a great impact on revenue generation, inventory management, pricing strategies, operating costs, financial return, guest experience and interaction and asset values. The traditional approaches which involved GDS, Sales Agents, Call Centers, Email Marketing and computer reservation systems are still prevalent and have adapted to the changing norms of times, but simultaneously they have been considerably replaced by the new age internet compatible consumer mediums. This crucial distribution channel change ropes in all sorts of newly born sensations from social media to online travel agents, from hotel's direct websites to travel dedicated blogs, from price-service comparison websites to asset light online hotel aggregators.

In last 3 to 4 years the online hotel distribution industry has raised toast to a new kind of generation. This new generation is not just focused on online discovery of accommodation for the present day modern and budget traveller but also involves itself in crafting the overall experience of this guest during his stay. This new segment is known as Online Budget Hotel Aggregator (OBHA) whose underlying cause of emergence was the premise that online finding and booking of a hotel across India is not a problem for today's traveler but the experience of the traveler at the hotel during their stay is.

Scanned with OKEN Scanner

The Emergence of Online Budget Hotel Aggregators

The Federation of Hotels & Restaurants Association of India estimates that there are just 103,000 "branded" hotel rooms in India, of which just 35 per cent are budget. Bangkok, the capital of Thailand, alone has 125,000 rooms. It estimates that India needs another 180,000 rooms by 2020 if it is to meet its target for tourist arrivals. This vast gap present in the Indian hotel industry has caused the emergence of online budget hotel aggregators. The concept of Online Budget Hotel Aggregator echoes the elements of the franchise model which dominated the hotel industry before the internet came along. They provide an opportunity to the Indian budget hotel owners to rebrand their properties, commit to provide a standard level of service and allow distribution to be managed centrally. To the travellers they promise a rejuvenated stay in these hotels with standardized features like complimentary breakfast, Wi-Fi, linen quality, room interiors, amiable and trained staff, safety and security, fixed charges and hotel's policies.

OBHAs have differentiated themselves by looping in technology adaption at not just travellers' front but also at hotel's front, overlooking daily operations in partner hotels to provide quality stay to its customers, helped in increasing partner hotels' revenue by selling and marketing their rooms through online mediums and offline tie ups. They work on a commission model basis and each entrant in this category has its own model varying from per booking commission to a share of total revenue of the partner hotel. The listed players in this industry are Oyo Rooms, Treebo, FabHotels, Deyor, Vista Rooms, Zen Rooms, Zip Rooms, Stayzilla and Wudstay. These players collectively have more than 1,00,000 rooms under their umbrella and have raised more than $190 million. They have caused decade old online travel agents such as Make My Trip and Goibio to ponder on this new genre of online business and forced them to come up with their own Value Plus and Gostays brands respectively to lure customers, stay competent and provide offerings as

Scanned with OKEN Scanner

the OBHAs. However, the bigger predicament is the insistence of hotel brands to not see them as a competition and the resulting vacuum in strategy to tackle the price war.While traditional hotel brands certainly offer a higher standard in consistency and quality of product, ignoring this set of competition can cost some hotels in particular and impact their bottom lines.

The penetration of the online hotel booking portals in the hotel market of Uttarakhand has been marginal and unbalanced. The plains have been covered by these online players to a much farther extent than the hilly region of Uttarakhand. Amongst these online players which include national and international established online travel agents and online budget hotel aggregators, the incoming players from online budget hotel aggregators segment have been just a handful; these include OYO Rooms, Treebo Hotels and FabHotels only.

Tourism in Uttarakhand

Uttarakhand the 27th state of India, also known as 'DevBhoomi' or the 'Land of the Gods' has a total area of 53,483 sq. km of which around 86% area is mountainous and 70% is covered under forest.[2] The State is rich in natural resources especially water and forests with many glaciers, dense forests and rivers making it an ideal destination for adventure, leisure and ecotourism. The economy of the State has been largely dominated by the services sector which contributes over 51% to the total State Gross Domestic Product (SGDP) from 2004-05 to 2013-14. The contribution of tourism to SGDP is about 4.4 % and its share in employment is 2 % according to estimates worked out by UNWTO.The number of tourists visiting Uttarakhand has consistently increased from around 11mn in 2000 to 28mn in 2012. The devastating floods and landslides in 2013, caused a significant decline of 30% in the state but the state regained its momentum in

Scanned with OKEN Scanner

2014 and witnessed a 10% growth in total tourist arrivals.[3] The figure below presents the theme-wise major destinations in Uttarakhand:

Themes	Major Destinations
Adventures & Water Sports	Rishikesh, Auli, Trekking at Hemkund Sahib, Jharipani, Maldevta, Tons Valley, Dhanaulti, Tehri
Pilgrimage & Festivals	Gangontri, Yamunotri, Kedarnath, Badrinath, Rishikesh, Haridwar, Jageshwar, Baijnath, PiranKaliyar, Hemkund Sahib, Nanda Devi
Nature & Wildlife	Jim Corbett National Park, Rajaji National Park, Binsar Wildlife Sanctuary, Kedarnath Musk Deer Sanctuary, Nanda Devi National Park, Askot Musk Deer Sanctuary, Neel DharaPakshiVihar, Benog Wildlife Sanctuary, Govind Wildlife Sanctuary
Sightseeing	Mussourie, Nainital, Valley of Flowers, Almora, Kausani, Auli
Health & Rejuvenation	Rishikesh, Haridwar, Champawat, Pithoragarh and Ramgarh, Jageshwar, Almora, Nainital
Rural Tourism	Mana, Chokhta, Chakrata, Deora, Pallyu, Shaukiyathal,Bageshwar, Chamoli, Almora and Tehri

Source: www.uttarakhandtourism.gov.in

SWOT Analysis of Uttarakhand Tourism

A SWOT analysis of tourism in Uttarakhand as presented in UK Tourism Draft Policy 2016:

- **Strengths:** The strengths on which the tourism of Uttarakhand can capitalize on are unique and outstanding mountain environment which encompasses world famous Himalayas, presence of some highly distinctive Himalayan mountain villages and towns set amidst outstanding scenery (e.g. Dharchula, Munsiyari, Bageshwar), existing range of trekking paths and circuits and national parks and wildlife sanctuaries of International repute.
- **Weakness:** The weaknesses for the tourism in the state include unplanned development in disaster prone zones, urban environments having poor quality in terms of overall

Scanned with OKEN Scanner

appearance, pollution/waste management, health/safety, urban design and congestion, lack of efficient public transport, lack of traffic management in towns and villages and lack of coordination amongst Government agencies.

- **Opportunities:** There is huge potential to tap the vast emerging markets in ecotourism, huge variety of fauna and flora, adventure tourism activities like Camping, Trekking, Bungee Jumping, etc., watersports like rafting, kayaking, cultural distinctiveness which also brings in potential of rural tourism and cluster of higher education facilities in Dehradun which offer opportunities for advanced environmental center combining research, education and general conversation and such.
- **Threats:** Proneness to natural disaster, exceptionally high peak of tourist inflows during vacation, unorganized yatra tourists especially at destinations, additional traffic and pollution from vehicles leads to serious congestion, pollution and solid waste management issues in towns and villages, and continued poor maintenance of roads.

The research intends to probe and analyze the upcoming Online Budget Hotel Aggregators in India, who have claimed the favors of not only the Investors but of hotels and travellers as well. The study critically scrutinize their concept, the progressive value addition by them to the stakeholders involved with them and how they are transforming the Hospitality and Tourism scenario of India. The paper goes further beyond examining and analyzing to proposing a sustainable business model for this segment on the basis of information and data collected from the travellers and the budget hotels. The paper also dwells on the possibility of penetration and sustenance in Uttarakhand where there is a mix of travel destinations ranging from business to leisure to adventure to pilgrimage and where the terrain and climatic environment is fanatically varied.

Scanned with OKEN Scanner

REVIEW OF LITERATURE

Some researchstudies have been carried out in the Hospitality Sector of India pertain to the distribution dynamics of the present day Indian Hotel Industry. There have been a significant number of papers who have probed into online distribution systems, the scope of shared economy in accommodation, peer to peer accommodation sharing and the ongoing clash of different indigenous business models. Comparatively, only a few studies have been conducted on the online budget hotel aggregator segment. A brief list of the major studies related to the topic is mentioned below as per the fragment in which the study was conducted.

E-Travel and Online Tourism

- **J. Miguéns, R. Baggio, and C. Costain** their study **Social media and TourismDestinations:TripAdvisor Case Study**attempts to examine Consumer Generated Content (CGC; which allow people to share information) on TripAdvisor with a case study on the city of Libson. Along with a discussion on radical changes implied by new forms of collaboration and business models, it explored how the users collaborate to image a destination. It concludes that online communities have strong influence on consumer behavior and consequently on the image and the marketing of hotels.

- **Jay Prakash Kant & Manish Sharma** in their study **E-Commerce as Key Factor for Tourism Development in India (2016)** has presented to us the challenging situation of technological advancement, evolving trends and electronic commerce sector knocking at the door of Indian Travel and Tourism Sector. The paper aims to analyze the significance

Scanned with OKEN Scanner

of e-commerce as a key factor in travel industry, role of e-commerce in promoting tourism destination in India, the benefits of e-commerce on the number of incoming tourists and the impact on the life of local service providers.

- **Andrew Frew and Roberto Daniele** in their paper **From Intermediaries to Market-makers – An analysis of the Evolution of E-mediaries** has explored and assessed the development of online intermediaries in travel and tourism. The paper identifies the major e-mediaries in the American, European and Asia Pacific markets, examines their business models and growth strategies and finally discusses the possible implications of this growth, in relation to impacts on industry structure. The paper concludes by suggesting key areas for further research including proposed work from the authors on analysis of determinants of competitive advantage for e-mediaries and their networks.

- **Octane Research** in its report **E-travel Marketing India: Path to Purchase (2015)**highlights the dynamic inclination of the modern day consumer towards online purchase and relates how increasing popularity of smartphones and hand held devices has led to an increase in the amount of time the consumer spends on online search and purchase. The research aims to analyze the effectiveness of online travel agents (OTAs) and understand the purchase behavior of Indian travellers. This research provides an insight into the extent of influence of online travel agents, e-mail marketing and social media on the path to purchase of a consumer. The findings of the research state that 95% of consumers search online before making a travel purchase. It also has a surprising

Scanned with OKEN Scanner

discovery that best deals are the motivation for customer to go online and 36% consumers make unplanned trips if offered a discount.

- **Macy Marvel** in his report **The Hotel Distribution Report** (2016) published by Hotel Analyst, United Kingdom gives us a world-wide kaleidoscopic view of the quick shift in the dynamics of hotel distribution and looks at the areas of evolution of TripAdvisor's instant booking or Google's Book Direct and their direct head on competition with the big OTAs, the effectiveness of big hotel chains loyalty program to attract more direct bookings, the potential of social media and how the concept of "shared economy" is impacting the hotel sector.

- **The Economist** in its article **Stay with me** (2016) talks out the possible solution for hotel chains from facing the margin cut by OTAs and Airbnb (who is providing substitute options to the customers). It says that getting bigger is one way to go and reveals that in 2015 hotel industry viewed a merger of $67 Billion, the highest level since 2007. The hotels are trying to get more rooms under them and dominate the market but this doesn't end here, the OTAs, specially Expedia, are also consolidating smaller such aggregators and bulking up. The article demonstrates the heat in the online booking segment and the race to win the customers.

Scanned with OKEN Scanner

The Concept of Sharing Economy

- **M.P. Jaiswal, Parul Gupta, PrageetAernon and Rajeev Gupta** in their study **Draft Policy Recommendations for Application Based Cab Aggregators (ABCA) in India** have detailed down into how the application based cab aggregators like Ola and Uber, have used one of the models of sharing economy and hence taken the market by storm in last few years. The study lists down the concerns that emerged after studying the various stakeholders involved in this ecosystem and then reports detail policy recommendations which can sustainably grow this emerging transportation fragment. The study further goes to analyze advisories issued by central government to regulate business operations of ABCAs in the counties and the response of different stateGovernments on the same.

- **GeorgiosZervas, DavideProserpio**and **John W. Byers** in the study **The Rise of Sharing Economy: Estimating the impact of Airbnb on the Hotel Industry (2016)** explore the impact of sharing economy on long established industries. The work analyzes the Airbnb entry into the state of Texas and quantifies its impact on the Texas hotel industry over the subsequent decade. The impact manifests itself primarily through less aggressive hotel room pricing, an impact that benefits all consumers, not just participants in the sharing economy. The price response is especially pronounced during periods of peak demand and is due to a differentiating feature of peer-to-peer platforms - enabling instantaneous supply to scale to meet demand.

Scanned with OKEN Scanner

- **NiamYaraghi and Shamika Ravi** in their research titled **The Current and Future State of The Sharing Economy** uses Uber and Airbnb as base of their study and estimate aremarkable growth of sharing economy from $14 billion in 2014 to $335 billion by 2025. The study establishes that it is difficult for one company to form a monopoly in the sharing economy landscape because the cost for customers to switch between sharing economy service providers is quite low. The study has recommended policies as per their analysis of this incredibly pacing landscape and propose that the role of regulations in the sharing economy should be to lower barriers to entry for startup companies and customers should be able to control how businesses use their data.

- **E&Y** in its report **The Rise of Sharing Economy (2015)** gives insights on landscape of sharing economy in India, its impact and benefits, the challenges and regulatory hurdles for the sharing economy, sharing economy and its role in key initiatives of the Government of India and the opportunity ahead for sharing economy in India. It defines sharing economy as a socio - economic ecosystem built around the sharing of human and physical resources.

  The report categorizes sharing economy activities into following four broad categories:

  - Recirculation of goods
  - Increase utilization of assets
  - Exchange of services
  - Sharing of productive assets

  The segments of sharing economy identified by this report are:

  - People/Skills
  - Health
  - Logistics
  - Financial Services
  - Household Goods
  - Education
  - Transportation
  - Accommodation

Scanned with OKEN Scanner

- **Hotel News Now** in their special report, titled as **The Impact of Sharing Economy on Hotels** is an analysis of the impact rippled by Airbnb and alternative accommodation on hotel demand. The analysis is based on illustrative case studies based on San Francisco and New York City. The report also polls hotels around the globe to see how this disruptive travel segment is affecting demand and operations at property level. It derives that though Airbnb is attracting a lot of customers but it is still not eating into the revenues of hotels and hoteliers and Airbnb hosts are not yet playing on an even playing field.

- **Taslima Khan** Reports in the article **No Thanks for Sharing** (2015) that companies offering home stays, shared cabs, products on hire and related services have had to tweak their strategies to survive in India. It throws light onhow OYO Rooms is a tweaked model of Shared Economy and highlights the major difference between the models of Airbnb and OYO Rooms.OYO Rooms which started as Oravel Stays and focused on home stays in 2012, but shifted to conventional hotel soon. The reason behind this shift as per the words of the founder RiteshAggarwal is that when an Indian customer checks in a booked accommodation, he should be able to find his accommodation easily, should be able to avail room service and the accommodation should meet certain standards of cleanliness and service. All this was not possible in home stays where people were just lending out an extra room or apartment available for the travellers and the Indian people involved in homestays didn't want this source of extra income to affect their daily life routines.

Scanned with OKEN Scanner

- **SaritaRai**in her article **Why A 21-Year-Old Is building OYO as an Uber (and not an Airbnb) For Hotels in India** published in 2015 explores the business model of OYO and points it out as an imitator of Uber and notAirbnb. She points out that the players like Airbnb address the problem of online discovery of an accommodation in India, where as OYO has been focused since the start on providing standardized accommodation to its customers. The businesses like OYO (Treebo Hotels, Fabhotels and such) which have caught the favors of Investors are on the similar track, to address the problem of the end to end experience of the customer rather than being just a marketplace to book hotel rooms online.

Online Budget Hotel Aggregators

The concept of Online Budget Hotel Aggregators (referred as OBHA further on) is considerably new in India and this causes lack of literature in terms of research papers. So to understand various aspects of this new born Aggregation, deep diving in various blogs, reputed newspaper articles, tech magazines and other such sources has to be taken up. The literature review under this section will help us understand different models in OBHAs, different players in OBHA and their current status, skepticism against OBHAs, the recent happenings in this aggregator front and how other traditional long-term established entities like OTAs and Hotel Chains are responding to them.

- **Asher Devang, Christian Kruse, Andy Parker, and Pontus Siren** in their research **The Next Wave of Business Models in Asia** chart the emerging wave of business model innovation in Asia by applying a four step process. After this immense endeavor they were finally able to identify two waves of business models. They categorized a few

Scanned with OKEN Scanner

companies that they studied under the first wave and certain companies under the second wave. The first wave primarily exploited differences in labor and other input costs between developed and developing markets. By contrast, the second wave is driven primarily by business model innovation and typically leverages new technology. Out of the several companies they studied in the entire process, they have used OYO Rooms and Viki to define this emerging second wave of business models. The researchers admiringly claim that the future of business model innovation in Asia belong to companies like OYO Rooms, an asset light, name-branded, digital aggregator of budget hotel rooms in India. The research establishes second wave will create new opportunities and challenges for established players.

- **National Association of Software and Services Companies (NASSCOM) and Akamai Technologies** in its report **The Future of Internet in India** published in August 2016 seeks to understand the impact of the Internet on the way Indians live, learn, work, shop and connect – and focuses on the future trends till 2020. The report states that the internet users in India are at a number of 730 million, which is more than United States of America and is just second to China. In this report, under the Travel and Hospitality segment, it gives a glimpse of intense market in online hotel booking industry and compares the two existing models of Online Travel Agents and Online Budget Hotel Aggregators. The pros that it states under the established online travel agents are first mover advantage, full spectrum of offerings and captive consumer base of experienced travellers; whereas the budget hotel aggregators have their pros as rapid catching up with the travel agents by offering standardized and seamless experience, focus on affordable accommodation and expansion into niches like homestay and targeting a growing customer base that is ready to experiment and take risks.

Scanned with OKEN Scanner

- **Rajiv Singh** in his article **Budget Hotel Startups like Treebo, Wudstay& Others swear by the full inventory model** which was published in Economic Times in **September 2016** presents that how the online budget hotel room space was getting cramped and there was no space for new entrants till the above mentioned startups came with a new teak in the OBHA market and embraced the full inventory model. The tick that was working in 2015 for OBHAs like OYO and ZO Rooms was the partial inventory model- in which these startup companies took control over a few hotel rooms, branded and standardized them, added some cosmetic features likeWi-Fi and free breakfast and sold them at rock-bottom tariffs. This way, these aggregators managed scale and investors. But by September 2016, the scenario was changing- not just the new startups like Treebo, FabHotels and Wudstay were going in with full inventory model - in which the operations of entire hotel are taken care by the online aggregator and there is training of staff and involvement in every aspect of operations- but even companies like OYO which were working on partial inventory have now started transition to full inventory model through its new Flagship Hotels.

- **Rajiv Singh** in his another article **Clash of Clans: Online travel Agencies VS Budget Hotel Aggregators** published in **Dec 2015** reveals the ongoing battle for market share and survival going on between the OTAs and OBHAs. It mentions that the ignition of this powder keg was initiated when Make My Trip (MMT) delisted OYO Rooms from its online portals (Website and Application). The reason quoted by MMT for this act was repetition in the properties shown and bad customer experience. This grudge showed once again when the established online travel agents came with their own versions of Budget Hotel Aggregators on their own portal; Value Plus Hotels by Make My Trip and GoStays by Goibibo. The heat is still on and recently Make My Trip was in talks with Treebo Hotels and FabHotels to make them an exclusive budget hotel partner; the talks with Treebo have failed and they have delisted themselves form MMT, whereas talks with FabHotels is still on.

Scanned with OKEN Scanner

- **KunalPandya** the CEO of Ncrypted Technologies who were the Technology Partners of OYO Rooms previous version Oravel Stays in his article **The Business Model & Economic of OYO Rooms** is a disdain to what OYO Rooms has accomplished. The article talks about how the numbers being shown to the investors as well as customers don't actually sum up to what the business model dynamics should thrive to achieve. The investors' fund has been burnt to an extent to create a fad and generate hollow publicity is the allegation of this article. This is one of many papers, blogs and articles which claim that OBHAs have a dark future ahead.

Uttarakhand Tourism

- **Vishwambhar Prasad Sati** in his study **Tourism Practices and Approaches for its Development in the Uttarakhand Himalaya, India**examines tourism practices and evaluates its possible future development in the Uttarakhand Himalaya. The various modes of tourism are discussed broadly and suggestions are given suitably for the sustainable tourism development. This study reveals that the pilgrimage tourism that has been practicing here for the centuries may play a promising role in the socio-economic development of the region. In addition, natural and adventurer tourism – mountaineering, trekking, skiing, and river rafting has a tremendous potential.

- **Abdul Bari Naik, Subita Sharma and Rajni Sharma**in the paper **Sustainable Tourism Development through Integrated Planning in Uttarakhand (2012)** aims at identifying major tourist circuits, identifying factors hindering the sustainable development of tourism in Uttarakhand and enumerate the measures and suggestions for future prospects of tourism development. The conclusions derived from the study are to

Scanned with OKEN Scanner

develop a detailed master plan, raising awareness amongst local people, incorporating micro level studies and improving accessibility and connectivity through roads, local railways like toy train and CNG buses.

- **Prakash Chandra Rout and S.K. Gupta** in their study**The Value Chain ApproachIn Community Based Ecotourism: A Conceptual Framework On Sustainable Mountain Developmentin theJaunsar-Bawar RegionofUttarakhand**have highlighted the community potential and enhancement in development through community participation. The study intends to emphasize the importance of community based tourism in the mountainous region, to highlight the applicability of value chain and its potential benefits and to evaluate tourism as a viable operational mechanism to strengthen the local economy.

- **Government of India, Government of Uttarakhand, United Nations Development Programme and World Tourism Organization** in the **Uttarakhand Tourism Development Plan 2007-2022** analyzed the scenario of the tourism in the state, identified zones and profiled them and then developed an overall tourism development strategy along with action identification and action plans for strategy application. The goals and objectives enumerated under this work are improving the physical and socio – economic environment of the state, identifying new and unique tourist products, formulating a simple planning and development control system, improving HRD capacity and review of existing tourism framework for tourism development in sensitive areas.

Scanned with OKEN Scanner

OBJECTIVES OF THE STUDY

In this study attempts will be made to understand the Indian hospitality industry scenario in the recent years. The study will track the shift in the distribution networks of hotels and identify how the emergence of online budget hotel aggregators in India has impacted the industry. The scenario of incoming and influence of online budget hotel aggregators is to be looked in to from the perspective of various stakeholders involved in this landscape. For better understanding of the effect in Uttarakhand of these online aggregators, the State will be divided into four different regions; Northern, Eastern, Western and Southern.

The objectives aimed to be achieved by this study are as follows:

1) To study the present scenarioof online budget hotel aggregators in India.
2) To analyze the impact of online budget hotel aggregators on traditional hotels in Uttarakhand.
3) To examine the impact of growth of online budget hotel aggregators on tourists in Uttarakhand.
4) To compare the impact of online budget hotel aggregators across the four regions of Uttarakhand.

Hypotheses Formulation

The hypotheses formed in this study which will be tested as per the data collected, by the use of various statistical tools,are listed below for each objective. The first objective will be focusing on presenting the scenario of online budget hotel aggregators in India and the journey they have covered so far. The secondary data will help us to know how different players in this segment are making their mark and how the whole phenomenon is changing the industry's landscape.

Scanned with OKEN Scanner

The latter three objectives' alternate and null hypotheses are enlisted below.

Objective 2: To analyze the impact of online budget hotel aggregators on traditional hotels in Uttarakhand.

Null Hypothesis (H_{01}): There is a significant impact of online budget hotel aggregators on traditional hotels in Uttarakhand.

Alternate Hypothesis (H_{02}): There is no significant impact of online budget hotel aggregators on traditional hotels in Uttarakhand.

Objective 3: To examine the impact of growth of online budget hotel aggregators on tourists in Uttarkahand.

Null Hypothesis (H_{03}): There is a significant impact of growth of online budget hotel aggregators on tourist in Uttarakhand.

Alternate Hypothesis (H_{04}): There is no significant impact of growth of online budget hotel aggregators on tourists in Uttarakhand.

Objective 4: To compare the impact of online budget hotel aggregators across the four regions of Uttarakhand.

Null Hypothesis (H_{05}): There is an equal impact of online budget hotel aggregators across the four regions of Uttarakhand.

Alternate Hypothesis (H_{06}): There is unequal impact of online budget hotel aggregators across the four regions of Uttarakhand.

Scanned with OKEN Scanner

RESEARCH METHODOLOGY

DATA COLLECTION

For the purpose of the study both primary and secondary data will be collected. Primary data will be collected through questionnaires and interviews etc. Separate questionnaires will be designed for customers and hotels of the state. The questionnaires will cater to the parameters of experience and satisfaction after availing services through an online budget hotel aggregator for the customers and for the hotels the questionnaire will be inclined towards improvement in occupancy and revenue after collaborating with an active online budget hotel aggregator in the state. For further understandon the current status of OBHAs in the state, employees of active aggregators in Uttarakhand will be reached out and surveyed through a separate questionnaire.

SAMPLE

The research aims at understanding the interests of the two major stakeholders of the Online Budget Hotel Aggregators; customers and the hotel partners. The demographic variables of travelers along with travel interests and purpose of travel will be used to categorize them and framing their aspirations. For, hotel partners, kind of establishment, age of business and category of destination will be used to club them in segments. The attributes measurable will be satisfaction, convenience, trust and such other factors for travellers, whereas, the hotel partners will be measured by attributes such as profitability, longevity, kind of guests, commission cuts, assistance in operations, investments and other considerable factors. The 13 districts of Uttarakhand that are to be covered in this study will be divided geographically into Northern, Easter, Western and Southern zones. And these destinations will be further categorized under the

Scanned with OKEN Scanner

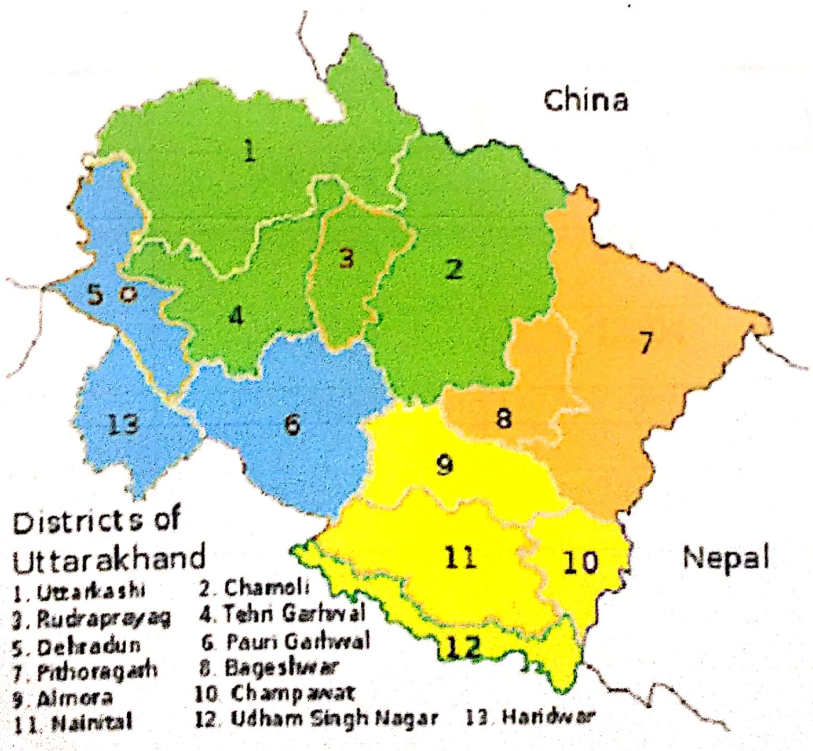
kind or theme that destination offers. The Major Themes in which destinations across Uttarakhand can be divided are the following:

- Adventure & Watersports
- Pilgrimage & Festivals
- Nature & Wildlife
- Sightseeing
- Health and Rejuvenation
- Rural Tourism

Region-wise Distribution of district of Uttarakhand

Region	District
Northern	Uttarkashi, Rudraprayag, Chamoli and TehriGarhwal
Eastern	Bageshwar and Pithoragarh
Western	Dehradun, Haridwar and PauriGarhwal
Southern	Almora, Nainital, Champawat and Udamsinghnagar

The figure below helps in a better understanding of distribution of districts in each region:



Scanned with OKEN Scanner

To define a sample size of number of tourists and number of hotels to be surveyed under this study, the attempt has been made in the direction of knowing the number of incoming tourists in a year and the number of established accommodations available in each district. The reference data used for this purpose is fetched from report byIndian Council for Research on International Economic Relations, July 2008. The insights gained from there are presented in the tables below:

Number of tourist arrivals, 2005-06

District	Domestic tourists	Foreign tourists	Total
Almora	225333	5101	230434
Chamoli	1670176	3078	1673254
Pauri Garhwal	522180	9835	532015
Pithoragarh	193947	1136	195083
Rudraprayag	493824	1092	494916
Tehri Garhwal	591033	8699	599732
Uttarkashi	804032	1511	805543
Dehradun	2361254	20573	2381827
Haridwar	6283726	11012	6294738
Nainital	616594	12504	629098
US Nagar	67946	220	68166
Uttarakhand	13830045	74761	13904806

Scanned with OKEN Scanner

Hotel accommodation by district, 2005

District	Number of establish-ments	Number of rooms	Number of beds	Rooms per establish-ment	Beds per establish-ment	Av. no. of beds per room
Dehradun	317	6150	15283	19.4	48.2	2.5
Haridwar	22	4294	9120	19.3	41.1	2.1
Tehri Garhwal	79	706	7747	8.9	98.1	11.0
Pauri Garhwal	131	3849	16206	29.4	123.7	4.2
Uttarkashi	132	1594	3496	12.1	26.5	2.2
Rudraprayag	155	1434	4584	9.3	29.6	3.2
Chamoli	240	2527	9087	10.5	37.9	3.6
U S Nagar	47	753	1464	16.0	31.1	1.9
Nainital	126	2320	6094	18.4	48.4	2.6
Champawat	26	257	638	9.9	24.5	2.5
Almora	76	815	2139	10.7	28.1	2.6
Bageshwar	27	399	1057	14.8	39.1	2.6
Pithoragarh	70	679	1444	9.7	20.6	2.1
Total	1648	25777	78359	15.6	47.5	3.0

Note: Data includes hotels, guesthouses, ashrams, dormitories and GMVN/KMVN facilities.
Source: Tourist Board.

With reference to the data as per the above sources the sample size has been determined:

Region	Districts	Themes	Tourists	Hotels	Tourist Sample size	Hotel Sample Size
Northern	Uttarkashi, Rudraprayag, Chamoli and TehriGarhwal	Pilgriamge& Festivals, Rural tourism, Adventure and Nature & Wildlife	3573445	606	180	15
Eastern	Bageshwar and Pithoragarh	Health & Rejuvenation and Rural Tourism	195083	97	50	5
Western	Dehradun, Haridwar and PauriGarhwal	Pilgriamge& Festivals, Sightseeing, Health & Rejuvenation, Adventure & Watersports	9208580	470	280	20
Southern	Almora, Nainital, Champawat and Udamsinghnagar	Sightseeing, Health & Rejuvenation, Nature & Wildlife and Rural Tourism	927698	275	90	10
Total					600	50

Scanned with OKEN Scanner

Attempts will be made to visit the regions twice in a year so that seasonality doesn't cause an impact in the findings of the study. The duration required for completion for this work will be around a year.

STATISTICAL TOOLS

The raw data collected from the questionnaires will be coded and tabulated to make statistical inference. The data will be fed in to the Statistical Package for the Social Sciences (SPSS). From the structured data suitable information will be extracted, analyzed, tabulated and inferred with the help of various tools. According to the requirement various statistical tools like sampling techniques (t-test, f-test etc.), analysis of variance, chi-square test, etc. will be applied to determine the significance of observed data.

TENATIVE CHAPTERIZATION

1. Introduction
2. Literature Review
3. Research Methodology
4. Present Scenario of Online Budget Hotel Aggregators in India
5. Impact of Online Budget Hotel Aggregators on Tourists and Hotels in Uttarakhand
6. Discussions& Findings
7. Conclusions & Suggestions
8. Bibliography

Scanned with OKEN Scanner

References

Thesis

- Abdul Bari Naik, Subita Sharma and Rajni Sharma "Sustainable Tourism Development through Integrated Planning in Uttarakhand", Ph.D. Thesis, International Journal of Scientific and Research Publication, July2012.
- Asher Devang, Christian Kruse, Andy Parker, and Pontus Siren, "The Next Wave of Business Models in Asia", MIT Sloan Management Review, December 2016.
- GeorgiosZervas and DavideProserpio, "The Rise of the Sharing Economy: Estimating the Impact of Airbnb on the Hotel Industry, Boston University, 2016
- Jay Prakashkant& Manish Sharma, "E-Commerce as a key factor for tourism development in India", Ph.D Thesis, Chandigarh University, 2016
- J. Miguéns, R. Baggio, and C. Costa, "Social Media and Tourism Destinations: TripAdvisor Case Study", Advances in Tourism Reseach, Ph.D Thesis, Aveiro, Portugal, 2008.
- M.P. Jaiswal, Parul Gupta, PrageetAernon and Rajeev Gupta, "Draft Policy Recommendations for Application Based Cab Aggregators (ABCA) in India", MDI Gurgaon, India, 2016
- NiamYaraghi and Shamika Ravi, "The Current and Future State of the Sharing Economy", Brookings India, March 2017.
- Prakash Chandra Rout and S.K. Gupta "The Value Chain Approach In Community Based Ecotourism: A Conceptual Framework On Sustainable Mountain Development in the Jaunsar-Bawar Region of Uttarakhand", Ph.D. thesis, HNB Garhwal University,

Scanned with OKEN Scanner

Published: Amity Research Journal of Tourism, Aviation and Hospitality, January – June 2016

- Robert Daniele and Andrew Frew, "From Intermediaries to Market-Makers – An Analysis of the evolution of E – Mediaries, SITI Research Centre, Queen Margaret University College, Edinburgh UK, January 2004.
- Vishwambhar Prasad Sati,"Tourism Practices and Approaches for its Development in the Uttarakhand Himalaya, India", Ph.D. Thesis, Eritrea Institute of Technology, N.E. Africa.

Journals and Reports

- AchinKhanna and Diksha Chopra, "Hotels In India – Trends & Opportunities", 2016 (1)
- E&Y "The Rise of Sharing Economy, The Indian Landscape", October 2015
- Government of Uttarakhand, Uttarakhand Tourism Policy 2016 (2&3)
- Government of India, Government of Uttarakhand, United Nations Development Programme and World Tourism Organization,"Uttrakhand Tourism Development Plan 2007-2022"
- Hotel News Now,"The Impact of Sharing Economy on Hotels", 2016
- Macy Marvel, "The Hotel Distribution Report", published in Hotel Analyst, United Kingdom, 2016
- Ministry of Tourism (Government of India), Annual Report 2015-16
- Nasscom and AkamiTecnologies, "The Future of Internet in India", 2016 pp.15-21
- Octane Research, "E-travel Marketing India: Path to Purchase", 2015
- Surbhi Mittal, GauravTripathi and DeeptiSethi, "Development Strategies for the Hill Districts of Uttarakhand" Working Paper No. 217, Indian Council for Research on International Economic Relations, July 2008

Scanned with OKEN Scanner

Articles

- Rajiv Singh, "Budget Hotel Startups like Treebo, Wudstay& Others swear by the full inventory model", Economic Times, September 2016
- Rajiv Singh, "Clash of Clans: Online travel Agencies VS Budget Hotel Aggregators", Ad Age India, Dec 2015
- SaritaRai,"Why A 21-Year-Old Is building OYO as an Uber (and not an Airbnb) For Hotels in India", Forbes.com, August 2015
- Taslima Khan' "No Thanks for Sharing, 2015
- The Economist, "Stay with Me", August 2016

Scanned with OKEN Scanner